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THIRD GENERAL CONFERENCE OF UNIDO

New Delhi, India, 21 January–8 February 1980

Agenda item 5

SECOND LATIN AMERICAN CONFERENCE ON INDUSTRIALIZATION

Cali, Colombia
10 to 14 September 1979

DRAFT REPORT*

* The attached draft report is available in English and Spanish only, as supplied by the Economic Commission for Latin America.

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C E P A L

Economic Commission for Latin America

SECOND LATIN AMERICAN CONFERENCE ON INDUSTRIALIZATION
Cali, Colombia, 10-14 September 1979

DRAFT REPORT

Participants are requested to submit their observations concerning this draft report to the CEPAL secretariat in Santiago, Chile, before 20 December 1979.

79-11-2878

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/Part One

Part One

A. ORGANIZATION OF WORK

Place and dates of the Conference

1. The Second Latin American Conference on Industrialization was held in Cali, Colombia, from 10 to 14 September 1979, in accordance with CEPAL resolution 373 (XVII) adopted in Guatemala City in 1977. It was convened jointly with the United Nations Industrial Development Organization (UNIDO), as a preparatory meeting for the Third General Conference of UNIDO to be held in 1980 in conformity with General Assembly resolutions 31/164 and 33/77.1/

Attendance

2. The meeting was attended by representatives of the following States Members of the Commission: Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Ecuador, France, Guatemala, Haiti, Honduras, Mexico, Panama, Paraguay, Peru, Spain, Suriname, United Kingdom, United States, Uruguay and Venezuela.2/

3. The following bodies and agencies of the United Nations system were represented at the Conference: United Nations Conference on Trade and Development (UNCTAD), United Nations Industrial Development Organization (UNIDO), United Nations Development Programme (UNDP), International Labour Organisation (ILO), United Nations Food and Agriculture Organization (FAO), World Bank and World Intellectual Property Organization (WIPO).

4. The following intergovernmental organizations attended the Conference: Inter-American Development Bank (IDB), Commission of the European Communities (CEC), Central American Bank for Economic Integration (BCIE), Intergovernmental Committee for European Migrations (CIME), Caribbean Community (CARICOM), Andean Development Corporation (CAF), Board of the Cartagena Agreement (JUNAC), Organization of American States (OAS), Latin American Institute of Agricultural Sciences (IICA), Latin American Energy

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1/ See the list of documents contained in annex 1.

2/ The complete list of participants is given in annex 2.

/Organization (OLADE),

Organization (OLADE), Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) and Latin American Economic System (SELA).

5. Representatives of the following non-governmental organizations also attended: Latin American Association of Development Finance Institutions (ALIDE), National Industrialists Association (ANDI), Latin American Industrial Association (AILA), Asociación Interciencia, Caribbean Association of Industry and Commerce (CAIC) and Institute of Latin American Studies in Stockholm.

Opening and closing meetings

6. The opening meeting was held in Cali City Hall. The delegations of the member countries of CEPAL and the representatives of intergovernmental and non-governmental organizations were welcomed by the Mayor of the City of Cali, Dr. Rodrigo Escobar Navia. The Executive Secretary of CEPAL, Enrique V. Iglesias, thanked the Government of Colombia for its cordial invitation and expressed his appreciation to the city of Cali and to its Mayor for his unstinting support. Speaking on behalf of the participating delegations, the Director General of Industries of Mexico, Mr. Ernesto Marcos, thanked the Government of Colombia and the city of Cali, and referred to the international situation at the time of the meeting, recalling when the first Latin American Conference on Industrialization was held in Mexico. The meeting was closed by Dr. Camilo Jiménez V., Under-Secretary for Economic Affairs of the Ministry of Foreign Affairs of Colombia and Chairman of the Conference.

7. At the closing meeting, the representative of Argentina, speaking on behalf of all the delegations, expressed his thanks for the facilities and collaboration provided by the host country. The representative of Ecuador proposed a motion of thanks to the Mayor of Cali, Dr. Rodrigo Escobar Navia, which was adopted by acclamation.3/ The Executive Secretary of CEPAL praised the work accomplished by the Conference, stressed its importance and expressed his appreciation to the Minister of Economic Development of Colombia and the Mayor of Cali for attending the meeting, and for the many

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3/ For the text of the Motion see annex 4.

/cordial demonstrations

cordial demonstrations of support on the part of the higher authorities of the host country, which had contributed so much to the success of the Conference. The meeting was closed by the Minister of Economic Development of Colombia, Mr. Gilberto Echeverri Mejía, who analysed the situation of Latin America in the industrial sphere.4/

Election of Officers

8. At the first plenary meeting held on 10 September in the morning, the participants elected the following officers in accordance with the proposals previously made at an informal meeting of Heads of Delegation.

Chairman:	Camilo Jiménez V. (Colombia)
First Vice-Chairman:	Rafael Pinto T. (Peru)
Second Vice-Chairman:	Donald A. McLeod (Suriname)
Third Vice-Chairman:	Lisandro Raúl Villatoro R. (Guatemala)
Rapporteur:	Ernesto Marcos (Mexico)

Latin American Group

9. For the purpose of formulating a Latin American position, meetings of the Latin American group were held at the same time as the plenary meetings. The Group drafted the text designed to reflect the position of the Latin American countries vis-à-vis the Third General Conference of UNIDO. Mrs. Eglée de Blanco (Venezuela) was appointed Co-ordinator of the Group.

Adoption of the report

10. At the final working meeting, held on 14 September at 6 P.M., the Latin American position vis-à-vis the Third General Conference of UNIDO, contained in the text which appears in Part Three of this report, was adopted.5/ The participants were informed that the complete draft report would be sent to them from CEPAL headquarters in Santiago, and that observations should be submitted by the delegations within a period of 30 days thereafter, prior to the issuing of the final report of the Conference.

4/ For a summary of his address, see annex 3.

5/ See resolution 1.

B. AGENDA

11. The Conference adopted the following agenda:

1. Election of Officers
2. Adoption of the agenda
3. Consideration and evaluation of the industrialization process in Latin America and the prospects for the next decade
   (a) Latin America and the Caribbean in world industry and trade in manufactures
   (b) Appraisal of the evolution of the manufacturing sector in recent decades
   (c) Industrial development and trade in manufactures
   (d) Industrialization in the medium and long term
4. International co-operation for industrial development in Latin America
   (a) General lines for industrialization: main economic objectives and social effects of industrialization
   (b) Co-operation requirements
   (c) Institutional aspects
5. Consideration of the conclusions and recommendations of the Conference.

/Part Two

Part Two

SUMMARY OF THE DISCUSSIONS

12. At the start of the second plenary meeting, the Executive Secretary of CEPAL welcomed the delegation of Spain, which was attending a CEPAL Conference as a full member of the Commission for the first time.

13. The representative of Spain stressed the special significance of the meeting for his country for the reasons indicated by the Executive Secretary; and added that his delegation would follow the discussions with particular interest and hoped to contribute to them, since Spain's experience in the industrial sphere was analogous to that of Latin America.

14. In the course of the conference, addresses were delivered by the Executive Secretary of CEPAL Enrique V. Iglesias, the Executive Director of UNIDO, Mr. Abd-El Rahman Khane,6/ and the Special Assistant of the Executive Director of UNIDO, Mr. Wilfredo Pflücker. The participants undertook a review and appraisal of the Latin American industrialization process and its outlook for the forthcoming decade, and examined international co-operation for industrial development in Latin America over the same period. The industrial problems of the relatively less developed countries and of the land-locked countries received particular attention.

15. In the course of the discussions it was stressed that the Second Latin American Conference on Industrialization was the beginning of the preparatory work, at the regional level, for the Third General Conference of UNIDO to be held in New Delhi at the start of 1979.

16. During the meeting a text was prepared which sets forth the position of the countries of the region vis-à-vis the above-mentioned world conference, and which is included in Part Three of this report as resolution 1.

17. The following pages contain a brief summary of the discussions emphasizing the main conclusions reached.

6/ For a summary of these addresses, see annex 3.

Consideration and evaluation of the industrialization process in Latin America and the prospects for the next decade (agenda item 3)

18. Various representatives reported on the progress made in industrialization in their countries and, particularly, the problems the process had encountered in recent years. Others argued the need, in this connexion, for a reorientation of industrial policy, since the model of undiscriminating import substitution had given rise to an unbalanced and inefficient industrial structure. Some of them also drew attention to the basic aspects of their national medium-term strategies and policies for industry.

19. The representative of one country referred to its experience in industrial planning aimed at transforming and boosting its industrialization in the medium term, while taking into account a longer-term strategy. The previous industrialization process had made it possible to establish a manufacturing base in the country which would enable it to progress towards a position in which it could also direct its industrial activity towards world markets.

20. The priority objectives of the country's new industrial plan were the production of basic mass consumption goods designed to provide for the basic welfare of the population and ensure long-term full employment. Its specific objectives included: (a) the development of high-productivity industries capable of exporting and of replacing imports more efficiently, with special emphasis on industries with high technology and income-elasticity of demand; (b) the integration of the industrial structure and better use of domestic natural resources, giving priority to the development of agroindustry and the manufacture of capital goods, and subsequently consumption goods, both durable and non-durable, and some intermediate goods in which the process had lagged behind significantly; (c) the geographical deconcentration of industry, by promoting the installation of plants in relatively less developed zones and (d) balanced market structures, articulating large-scale industry with medium- and small-scale enterprises. All this had been done without in any way seeking autarky, and thus the country was in a position to participate actively in complementarity agreements.

21. A representative argued that priority should be given to mass production branches of industry for the vast sectors of the population which at present had little access to the market for manufactures and whose essential needs were not satisfied.

22. Another representative said that in order to achieve integrated industrialization which would make it possible to put an end to social handicaps and unemployment and ensure a fair distribution of benefits among all sectors, it was necessary to end the rural exodous and fully integrate women into the industrialization process.

23. The representative of a country with a small domestic market referred to the objectives of its new industrial strategy, which were: (a) to maintain the dynamism of the industrial sector in the long term, by stepping up exports of industrial goods in those fields where it had comparative advantages; (b) to encourage vertical integration by making use of local raw materials; (c) to raise the real income of the population and (d) to promote balanced regional development by encouraging the geographical distribution of industrial development.

24. The country's future industrial policy would be selective, and the production sectors and branches would be chosen in the light of those objectives; the aim would be to achieve diversity, flexibility and grading in the incentives provided, and control machinery would be set up to make sure that the incentives and benefits of industrial development were really used in the amounts, places and forms established by the corresponding instrument. The criteria governing the choice of projects would be: (a) the impact on the balance of payments; (b) the use of domestic resources and raw materials; (c) location and (d) technology.

25. A representative emphasized that the industrial strategy of the countries with smaller markets should be directed towards specialization and should give priority to trade in manufactures in general, within integration agreements.

26. Another representative described the broad outlines of his country's national development plan, which stressed the subordination of economic development to social development. He said that the objective of the industrial plan was to cut down the excessively high level of protection

/and make

and make way for international competition, improve the articulation of industry with other activities, create and adapt technology, and orient and channel foreign investment in accordance with development objectives and national interests, within the relevant guidelines of the Cartagena Agreement.

27. A representative said that for economic growth to be called development it should be in keeping with the objective of achieving a structural transformation designed to put an end to external dependence and weak points.

28. The Special Assistant of the Executive Director of UNIDO said that considerable progress had been made towards reaching the industrialization target established in Lima for the year 2000. He pointed out that industrialization should not be viewed independently, but rather as part of the assistance which should be provided with a view to improving the living conditions of the population, for which industry offered broad possibilities. He stressed that those who argued that the fundamental effort at the international level should be aimed towards securing the means to satisfy the basic needs of the population, and were surprised at the importance which the United Nations attached to industrial development, should realize that industrialization was precisely one of the prerequisites for being able to satisfy those needs. By way of example he mentioned the case of agriculture, whose productivity could be increased through progress in the industrial sector.

29. Referring to the course of industrialization in Latin America, the representative of the Latin American Industrial Association (AILA) praised CEPAL for having proposed some time ago the adoption of an industrialization process which had unquestionably become the power-house of Latin American development in recent decades.

International co-operation for industrial development in Latin America (agenda item 4)

30. The bulk of the discussion centred on the question of international co-operation with Latin America for industrial development, with a view to the adoption of a common position for the region vis-à-vis the Third General Conference of UNIDO.

/31. The

31. The representative of one country stated that the Latin American position vis-à-vis the Third General Conference of UNIDO should be based on the strategy guidelines established in the plan of action formulated at the First Latin American Industrialization Conference (Mexico, 1974), the Lima Declaration and Plan of Action, the International Development Strategy for the 1970s, the appraisal adopted at the eighteenth session of CEPAL (La Paz, 1979), the principles of the New International Economic Order, the Charter of Economic Rights and Duties of States and the International Development Strategy being prepared for the 1980s.

32. Referring to the general principles and the objectives which his country believed should guide the countries of Latin America in their search for a common position, a representative said that the importance of industrialization should be recognized in that it guaranteed the economic and social progress of the developing countries, the right of each country to decide on and apply its own industrial policy and the need for the industrialization process to be accompanied by control over the essential sectors of the economy and sovereignty over natural resources.

33. The representative of SELA, referring to the viable options for Latin American industrial development in the 1980s, indicated that in the face of the inflexibility of the developed countries as manifested at UNCTAD V, it was necessary to reaffirm that the most realistic means of strengthening the position of the developing countries, and particularly those of Latin America, were their own efforts and mutual reliance.

34. In addition, as part of the regional strategy for the forthcoming decade Latin America should, among other things, consolidate a system of concerted negotiations, strengthen intra-regional co-operation and integration arrangements and emphasize industrial diversification and suitable forms of South/South co-operation.

35. The representative of CARICOM said that the Community represented an attempt at economic integration to solve the problems of countries which were characterized by their small size and resource base and which traditionally exported a very narrow range of primary commodities to the industrialized countries. He referred to the Organization's efforts in the fields of trade and industrialization, aimed in particular at maximizing

/forward and

forward and backward technological linkage in production, and emphasized the importance of South/South trade. He said that he hoped particular attention would be paid to the question of the complex network of infrastructure needed to take advantage of the potential which that trade represented.

36. With regard to international co-operation, the representatives all attached high importance to the questions of industrial redeployment, the protectionism of the centres, the financing and transfer of technology, the role of regional and interregional co-operation and energy.

37. One representative said that in view of the great influence of external factors of industrial development of the countries of the region, international co-operation was essential and urgent, inter alia for the implementation of the Lima Plan of Action.

38. Another representative stated that due to the difficulties which had arisen in the North-South dialogue it was more important than ever for the countries of the region to strengthen economic, social and scientific and technical links in order to progress in the field of industrialization.

39. The representative of UNIDO said that the New Delhi meeting would be held at a time when the world was facing a serious recession, which probably meant that the development countries would fear competition in trade; however, it was essential to reach agreement, since all the countries of the world depended on each other in the development sphere.

40. With regard to industrial redeployment, a representative said that within the process of restructuring world industry in the context of the establishment of a new international economic order, redeployment should be undertaken in a concerted and unrestricted manner, and should also cover forms of transfer of technology and labour training consonant with the new industries emerging in the course of the process.

41. The representative of a country stressed that the ideas being put forward in the international sphere in connexion with industrial redeployment and restructuring of the centres were not entirely acceptable to his country, since they would lead to the freezing of its industrial development; by viewing the latter in terms of light or basic heavy industry (including highly polluting industries), the process of industrial transformation towards more advanced stages would be restricted.

/42. He

42. He also stated that redeployment should therefore take into account the sectoral development priorities established by the countries which received the new industrial capacity.

43. A representative said that he believed that industrial redeployment should take place through technological and managerial inputs, while taking into account the reasonable protection of the environment and training of local labour.

44. A number of representatives said that the Latin American countries needed an international system of consultations which should be properly institutionalized on a permanent basis so that industrial redeployment could be carried out in a concerted manner. One representative said that the system should have a procedure for learning the viewpoints of businessmen and workers in the countries.

45. Another representative said that the system of consultations should be directed towards obtaining concrete, practical results and should not hinder the technical assistance projects for industrial development in the developing countries, which should continue to be given the greatest possible interest and priority.

46. The Latin American representatives generally expressed their profound concern at the rising protectionism of the developed countries, particularly with regard to manufactures in which the developing countries had secured comparative advantages stemming from their industrialization processes.

47. The representative of a country described the three basic points of its industrial policy for the coming years:

(a) At the international level, the promotion of a concerted offensive with other countries to cut down and eliminate the rising protectionist barriers of the developed countries. In this context the joint action of the Andean Group with regard to the European Community and Spain was of great importance.

(b) The promotion of Latin American economic integration, particularly in the case of the Andean countries, on a basis of efficiency, by widening markets, and of solidarity in the international field.

/(c) Continuation

(c) Continuation of the process of nationalization and promotion of national industry.

48. The representative of UNCTAD deplored the protectionist trends in the industrialized countries which were working counter to the industrialization efforts of the developing countries.

49. He said that the economic crisis was accompanied by the growing recognition of the need to carry out structural changes in the institutional framework of international economic relations; however, little progress had been made in this direction, largely because of the profound structural disequilibria of the developed countries. Those disequilibria could be remedied by a restructuring of the international division of labour, according to dynamic comparative advantage, and avoiding the protection of inefficient lines of production; there should also be a change in policies on technology and transnational corporations. International co-operation in this field should not be viewed as a matter of one-way dependence, but rather as recognition of the relationship between the problems of the developed countries and those of the developing countries. The latter should also develop collective self-reliance and strengthen their bargaining power vis-à-vis the developed countries. He also stressed the need for making better use of the potential trade among countries with different economic and social systems.

50. He said that although UNCTAD had not managed to establish consensus on a series of important issues in the field of manufactures, it had adopted an important resolution on protectionism and the problem of structural adjustment. He went on to refer to questions relating to international co-operation for industrial development, an area in which progress had been made in Manila, and the activities undertaken by UNCTAD under its subprogramme for exploring the feasibility of setting up multinational production companies by developing countries. He also mentioned the close link between UNCTAD and UNIDO and the co-operation between them, since trade and industrialization were closely related aspects of development.

51. In this connexion, the representative of AILA (Latin American Industrial Association) said that it was particularly serious that some developing countries were cutting down their protection while the

industrialized countries were increasing their restrictions on imports from the Third World and particularly from Latin America.

52. Some representatives referred to the need to expand and restructure the traditional channels of international financing for industry in the developing countries. They also stressed the need to strengthen the Latin American countries' capacity to generate technology, and suggestions were put forward to the international community along the lines of those adopted at the World Conference on Science and Technology for Development held in Vienna in August 1979.

53. In connexion with the question of industrial financing, a representative said that there should be a global industrial development fund and also suggested that the World Bank should increase the amount of financing directed towards the industrial sector. He also said that North/South financial flows should be increased, and the investment by Latin American countries themselves should be closely linked with the production of the equipment and machinery needed to underpin the development of different production activities.

54. The representative of CARICOM stressed that the region should have greater access to sources of financing and external technology.

55. The representative of FAO outlined the work undertaken by his Organization in Latin America, and emphasized the following: (a) the creation of a co-operation network in the agroindustrial field, which was particularly useful since many countries of Latin American had extremely advanced technology in specific agroindustrial activities; (b) the development of forms of transfer of agroindustrial technology from other developing continents and regions; (c) the development of technology related to autochthonous foodstuffs making use of non-conventional local energy sources; and (d) the increased use of fuels of agricultural origin, on condition that they should not have harmful ecological repercussions and should instead promote agricultural development.

56. On the question of technological co-operation among Latin American countries, a representative said that his country was furnishing scientific and technical assistance to thirty developing countries, with the work of about 13,000 experts.

/57. Another

57. Another issue which received particular attention in the course of the discussion was that of regional and interregional co-operation, which was referred to by the representatives of countries and the observers from various organizations represented at the Conference. In this connexion, particular emphasis was placed on strengthening the various integration arrangements existing in the region, and on bringing them closer together.

58. One representative said that co-operation among developing countries should be strengthened with a view to setting up or strengthening regional systems of economic union. He referred to the consolidation of the Andean integration process, which was a positive and optimistic basis for considering the regional possibilities of integration and union in relation to the major objectives of industrial development.

59. He also stressed that progress was necessary in the regional processes of integration and union in order to have a better chance of success in the negotiations with the developed countries, within the tendency to institutionalize the North/South dialogue.

60. A representative said that the experience it had gained by participating in complementarity agreements within the Andean Pact, particularly in the motor-vehicle field, could serve as a valid contribution to strengthening bargaining power in the North/South dialogue, in view of the advantages offered by the expanded Andean market. In addition, the market could be extended to the Latin American level, as integration improved and there was a better co-ordination of positions within SELA. His country attached enormous importance to achieving broad agreements for support in the transfer of technology, training and opening up the markets of the developed countries through the dialogue between the Andean Group and the European Economic Community, and between the Andean Group and Spain, as well as the new dialogue begun with the United States.

61. A representative of a member country of the Board of the Cartagena Agreement (JUNAC) argued that Latin American economic integration should be promoted on the basis of efficiency, by broadening markets, and of solidarity at the international level.

62. The representative of a country in which industrialization was still incipient said that in such cases there was clearly a pressing need to

/adopt practical

adopt practical and specific forms of regional co-operation, such as the setting up of joint corporations by two or more countries.

63. The representative of the Board of the Cartagena Agreement (JUNAC) outlined the achievements of the Organization and said that the foundations had been laid for progress towards Andean union. He said that in the latest meeting of the Presidents of the Andean countries in Cartagena, support had been given to a strategy to place Andean integration in a broader framework, going beyond the purely economic sphere and extending it to the political and social spheres in their broadest sense.

64. With regard to progress in the field of liberalization in the Andean framework and the programming areas in the motor-vehicle, metal products and engineering, petrochemical and other fields, he said that there were industrial branches in which the size and recources of the Andean Group were too small, and therefore the market should be extended to Latin America. In addition, this expansion would improve the conditions for joint participation in the system of consultations for the redeployment of industrial activities which it was planned to establish at the forthcoming General Conference of UNIDO. He also said that particular consideration should be given to the global financing system proposed in the preliminary document prepared by UNIDO for the conference (Industry 2000: new perspectives, ID/CONF.4/3/Part 1).

65. The Deputy Secretary General of the Permanent Secretariat of the General Treaty for Central American Economic Integration (SIECA) outlined the process of industrialization in Central America and said that the region had already begun to produce intermediate and capital goods.

66. He said that the current international situation affected Central America more than the other countries of the region because of the small size of their economies and their lack of diversified production and of energy resources. The industrial development of the region was aimed towards greater selectivity in the promotion of industry, with special emphasis on agroindustry and on avoiding the wastage of resources; thus when adopting a model, it was necessary to give due consideration to the social aspects of development, and to the desirability of strengthening small- and medium-scale industry. Use should be made of the potential for expanding domestic

/markets, and

markets, and at the same time efforts to improve access to external markets should be pursued, while fostering the convergence of Latin American integration groupings.

67. Finally, the representative of the Latin American Industrial Association (ALLA) emphasized that conditions in the region were different from the situation in the 1950s, when the industrialization process had begun; integration arrangements now existed, and should be viewed positively by entrepreneurs.

68. In connexion with the energy problem, a number of countries recommended that the industrialized countries should rationalize their consumption of hydrocarbons and call on the countries of the region to encourage the development and use of non-traditional energy sources.

69. A representative specifically proposed that: (a) the developed countries should be requested to put an end to their indiscriminate consumption of hydrocarbons so that these could be reserved for essential uses; (b) the developed countries should be asked to establish a policy of encouraging the consumption and international trade of goods using renewable raw materials replacing hydrocarbon products.

70. With regard to the energy problem, the representative of a non-oil-producing country suggested the possibility of a long-term solution stemming from the research into fuels which had advantages for many Latin American countries. He referred in particular to the "green fuels" (alcohol derived from vegetable matter) which might also increase the region's bargaining power.

71. The representative of the Latin American Energy Organization (OLADE) said that the form of integration which his Organization represented was an example of the fact that the developing countries were tending to join efforts in two important fields: the assertion of their sovereign rights over their natural resources, which strengthened their economic independence, and the search for new energy sources. He mentioned the projects undertaken by his Organization's Permanent Secretariat relating to the optimal use of existing energy sources and research into and application of non-conventional energy sources, referring in particular to programmes relating to geothermal, solar and biogas energy. In 1980 OLADE would begin programmes relating to wind energy and small hydroelectric power stations.

/72. He

72. He also expressed his Organization's desire to establish contacts with other regional, subregional and extraregional co-operation bodies, with a view to undertaking joint action. He referred to the desirability of adopting policies for the production of capital goods and technological development linked with the energy needs and the new sources of energy of the countries of the region.

73. Some representatives referred to institutional questions connected with international co-operation for the industrialization of developing countries in the 1980s.

74. A representative asked for the agreement of the Conference, and the support of CEPAL, for a co-ordinated study by CEPAL, UNIDO and SELA on the means of establishing different industrialization options for the different kinds of countries of the region. To this end, those bodies should include in their work programmes an analysis of the distinguishing characteristics of the countries which affect their industrialization patterns or models.

75. With regard to the UNIDO projects to establish a fund for export credits and to finance South/South and South/North trade in capital goods, and to set up a global fund for industry, the representative of one country said that the countries should be able to study these plans in greater depth. His country was in favour of establishing a code of conduct for the transfer of technology and of the inclusion of items of interest to the developing countries in the revision of the Paris Convention on Industrial Property; he also supported the creation of the industrial and technological data bank. In addition, he said that the agreements designed to increase South/South trade should be made within the framework of the existing fora and institutions.

76. A number of representatives were in favour of a rapid ratification of the agreement establishing UNIDO as a specialized agency of the United Nations. The representative of the World Industrial Property Organization (WIPO) referred to his Organization's activities with regard to industrial property in the developing countries.

77. With regard to the proposal for the creation of an international centre to examine patents, as suggested by UNIDO in the document "Industry 2000: new perspectives" (ID/CONF.4/3/Part I), he wished to place on record that the

Third General Conference of UNIDO lacked the powers to attribute new functions to United Nations agencies and could only give instructions to its own secretariat, subject to the approval of ECOSOC and the General Assembly.

78. The representative of the Caribbean Association of Industry and Commerce suggested that besides implementing the proposals presented in the above-mentioned document, UNIDO should give particular attention to two items of special importance for the Caribbean which called for concrete action: the brain drain and the weakness of the transport systems for the trade in manufactures.

79. The representative of UNIDO explained the grounds for the Organization's proposals in relation to its Third General Conference, as set forth in the above-mentioned document. The Second Latin American Conference on Industrialization was not expected to reach decisions on this matter; his Organization was interested on learning the viewpoints of the representatives of the governments of the region. Some representatives added that the document was not part of the basic documentation for the Conference, since it had been received too late, and therefore the present meeting was not a suitable occasion for deciding upon the proposals contained in that document.

Conclusions and recommendations (agenda item 5)

80. At the final plenary meeting, the participants adopted the outline of the draft report submitted by the rapporteur, and also the text submitted by the Latin American Group entitled "Latin America vis-à-vis the Third General Conference of UNIDO", which appears in Part Three of this report as resolution 1 and contains the position which the Latin American countries will adopt at the World Conference. In this connexion a request was made that the following should be placed on record: "The delegations of the CEPAL member governments which are not members of the Latin American Group consider that the present declaration, as its title indicates, reflects the position of the Latin American Group, and accordingly take note of it". Finally, the participants adopted a resolution on the venue for the meeting of the Group of 77 prior to the Third General Conference of UNIDO, the text of which appears in Part Three of this report as resolution 2.

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81. In response to a request by the representative of CARICOM, it was agreed that the final report should include a note which he would send to CEPAL in Santiago on the situation of the Caribbean countries in the industrial sphere.

/Part Three

Part Three

RESOLUTIONS

82. The Conference adopted the following resolutions:

RESOLUTION 1. LATIN AMERICA VIS-A-VIS THE THIRD GENERAL CONFERENCE OF UNIDO

The Second Latin American Conference on Industrialization,

Taking into account the objectives of resolutions 3201 (S-VI) and 3202 (S-VI) on the establishment of a New International Economic Order adopted by the United Nations General Assembly at its sixth special session, the Lima Declaration and Plan of Action adopted by the Second General Conference of UNIDO, and resolution 3362 (S-VII) on development and international economic co-operation adopted by the United Nations General Assembly at its seventh special session,

Recalling General Assembly resolution 33/193 dealing with the preparatory work for an international development strategy for the third United Nations Development Decade,

Bearing in mind that according to the provisional agenda for the Third General Conference of the United Nations Development Organization, special attention will be paid to the study and appraisal of the world industrial situation, with special reference to the industrialization of the developing countries, the strategy for greater industrial progress as an essential element of the development process in the 1980s and beyond and the institutional arrangements required for future industrial development, particularly that of the developing countries,

Considering that the Second Latin American Conference on Industrialization has been convened pursuant to CEPAL resolution 373 (XVII) with a view to the adoption of common positions by the region for the Third General Conference of the United Nations Industrial Development Organization,

Reaffirming the position of the Latin American countries set forth in the La Paz Appraisal, adopted in CEPAL resolution 388 (XVIII) at the eighteenth session of the Economic Commission for Latin America, which undertook the

/critical exercise

critical exercise of carrying out the fourth regional appraisal of the implementation of the international development strategy within the framework of a New International Economic Order,

Bearing in mind the positions adopted by the Latin American countries at the Latin American Co-ordination Meeting held within the framework of SELA for the Fourth Ministerial Meeting of the Group of 77 with a view to the fifth session of UNCTAD, the agreements adopted at the Fourth Ministerial Meeting of the Group of 77 in Arusha and the decisions of the fifth regular meeting of the Latin American Council,

Having examined the documents "Analysis and prospects of Latin American Industrial development" (ST/CEPAL/CONF.69/L.2) and "International co-operation for development" (ST/CEPAL/CONF.69/L.3), which contain analyses and information tending to facilitate the formulation by the Latin American countries of their position at the Third General Conference of UNIDO,

Considering that in the international negotiations the developing countries have been unable to fulfil their aspirations, owing to the lack of political will on the part of the developed countries, which has made it impossible to carry into practice the New International Economic Order,

Declares:

1. The Third General Conference of the United Nations Industrial Development Organization (UNIDO), to be held in New Delhi between 21 January and 8 February 1980, will necessarily have to be placed in the context of the present difficult international economic situation, and its discussions and resolutions inserted in the overall framework of the efforts to build a New International Economic Order.

2. The persistent recessive economic trends, or the slow rate of growth of the developed countries in recent years, associated with their processes of inflation, have had adverse repercussions on the rates and forms of economic activity in the majority of the countries of the region. The prospect that these trends may continue and that protectionist measures may increase, aggravating the harmful consequences for the international economic relations of the countries of Latin America oriented towards an increasing share in the international economy, means that the immediate future appears yet more uncertain, and that the adverse effects on the internal economic

/and social

and social situation of the countries affected may be further accentuated. The slowing-down of the growth of production is taking place in circumstances in which the levels of production and consumption, the degree of modernization of the economies of the countries and their degree of insertion in the world economy are greater than they were in the past. State capacity and opportunities for reorienting strategies and correcting adverse social and political trends and consequences of the present crisis in the international economy have also increased. Nevertheless, certain features of the overall situation show structural stresses and distortions which make it hard to achieve integrated development.

3. In the post-war period, the world economy has been characterized by the rapid internationalization of the production and circulation of goods and financial surpluses. In turn, the speed of technological innovations and the changes in systems of transport and communications have drastically altered the existing structures of world production and trade. This process has gone hand in hand with a radical change in the composition of trade, which has attributed decisive importance to manufactures, as well as to the dynamism and direction of international trade.

4. From the end of the Second World War until the early 1970s, world output and trade grew at expansionary rates, prices increased moderately and the disequilibria of the monetary system did not affect the steady growth of real trade. In the 1970s the behaviour of the international economy underwent a substantial change. The growth rate of world production and trade dropped considerably, prices rose much more rapidly than in the past and the disequilibria of international payments were heightened, all of which resulted in changes in the parity of the dollar and the other hard currencies without precedent since the Second World War.

5. During the present decade, the international economy and consequently the relative position of Latin America have been seriously affected by the upsurge of inflation in the industrialized countries, the subsequent recession and the slow recovery of those economies until the present. In recent years the growth rate of world trade has dropped still further, the real prices of various major commodities have deteriorated and, above all, protectionist pressures and measures have increased in the industrialized countries. At

/the end

the end of 1974 the United States of America passed its Trade Act, and the European Economic Community and Japan have likewise put into practice similar discriminatory protectionist measures. All these factors have had a decisive impact on Latin American exports and only easy access to the financing freely available from the Euromarkets and international banks enabled the region to face up to its acute external disequilibrium without severely restricting its level of internal activity; but this has heavily increased external indebtedness and debt servicing in the balance of payments.

6. The decline in the growth rate of most of the countries in the second half of the 1970s has undoubtedly had severe social repercussions. It has severely limited the capacity of absorption in productive employment, in some cases leading to a rise in open unemployment, and still more in underemployment; and it has accentuated the adverse effects of the extreme concentration in the distribution of income, thus exacerbating the struggle for redistribution, with its subsequent effects on inflationary pressures. The conclusion is clear that one of the basic objectives which the countries must pursue is the revival and acceleration of the growth rate in coming years, and especially in the 1980s, since this will furnish a better material basis for the establishment of clear, well-defined objectives in the field of social development and human advancement, which must accompany the process of economic growth.

7. The principles and guidelines set forth in this declaration constitute the Latin American position in the international negotiations which are to take place, particularly in relation to the Third General Conference of UNIDO.

A. PRESENT FEATURES OF THE LATIN AMERICAN INDUSTRIALIZATION PROCESS

8. The process of industrialization in Latin America continued during the 1970s. Industrial output has tended to become diversified as the industries producing intermediate, consumer and capital goods have developed. The characteristics and magnitudes of this process have differed greatly in the different countries of the region, and the differences in industrial

/productive structures

productive structures have sharpened. It is also clear that, despite the advances made, expansion of the output of industrial intermediate goods, and particularly of capital goods, has to some extent lagged behind achievements in the other manufacturing activities, and this clearly indicates unbalanced industrial development.

9. Protection - in many cases excessive and indiscriminate - which has generally characterized industrial promotion, together with the existence of small national markets, made even smaller by the prevailing highly concentrated income-distribution patterns, has contributed in many cases to shaping productive structures operating on a scale below minimum economic levels, with insufficient degrees of specialization, and therefore with high costs.

10. The progress achieved in various aspects of the industrialization process was not, in general, accompanied as much as might be wished by a definite rise in the local capacity to select and adapt foreign technology, still less to generate technological innovations. The region has had a relatively passive attitude to technological matters, although here too marked differences may be observed between countries.

11. In the course of the 1970s the Latin American countries stepped up efforts to transform their productive systems, which led to the expansion and diversification of industrial enterprises, some progress in the modernization of agriculture and growing linkages between the different sectors of the economy. However, it is not uncommon to find sectors with a high degree of modernization and productivity coexisting with others using inefficient systems of production and characterized by low productivity.

12. The direct contribution of the manufacturing sector to solving the region's serious employment problem has been smaller than had been hoped. Only during periods of expansion has the generation of industrial employment reached relatively high levels. This indicates that accelerating the growth rate well above the average rates achieved in past decades would make it possible to broaden the role of industry in solving the region's serious employment problem, not only through the direct contribution of the sector, but also through its repercussions on other economic activities.

/13. The

13. The process of import substitution followed by our countries was supposed to involve the progressive substitution of consumer goods, followed by intermediate goods and finally capital goods. This planned sequence, however, has not been carried into practice and thus industrial policy has been less flexible. This has led to a drop in the dynamism of industrial production and to greater dependence with respect to the cyclical fluctuations of the developed countries.

14. Regional exports of manufactures have grown relatively fast, and now make up almost 20% of total exports. However, despite the progress made in diversifying the range of products exported, light manufactures still predominate. While a high proportion of exports of manufactures are destined for countries outside the region, the regional market also occupies an important place: in recent years it has absorbed about 40% of such exports, with a relatively high proportion of engineering products.

15. Protectionism in the developed countries has in recent years taken on new dimensions and characteristics which are of great concern to Latin American countries, since the new restrictions on trade which are being introduced systematically have a negative impact on the developing countries' exports both of primary products and of manufactures and semi-manufactures.

16. The increasing share of the transnational corporation in the economic activity of the region has given rise to concerns which are reflected in the principles upheld by the international community in the Charter of Economic Rights and Duties of States and the efforts of the developing countries to conclude the negotiation of the codes of conduct applicable to the transnational corporations and the transfer of technology. These basic concerns, which were set forth in the Guatemala Appraisal and which have progressively become accepted as principles, are fully valid and refer to the need for the implementation of the agreements reached on the subject by the countries in their regional fora.

17. In various countries of the region, the maintenance of a given rate of industrial growth has been achieved at the cost of increasing external indebtedness, on less favourable terms than in the past since today financing consists primarily of short-term loans from private sources, which has resulted in higher debt service payments.

/18. The

18. The industrial development process should be based on domestic effort with the indispensable support of co-operation at the subregional, regional, international and world levels. During the 1970s the regional economic integration schemes have come up against serious problems, with the exception of the Andean Group, despite which there has been a significant increase in real links and co-operation among Latin American countries. Owing to the importance of regional co-operation in the development and diversification or regional production, economic integration should constitute a basic point of departure in the international development strategy for the 1980s and the establishment of a New International Economic Order.

19. The Latin American countries have made some isolated progress in the planning and programming of industrial development policy. However, greater efforts are called for in order to achieve global congruence and take into account the interaction between the different industrial strategies of the countries of the region and between the latter and the rest of the world. The need has been recognized of establishing planning frameworks which fix explicit policy priorities and targets at the global and sectoral levels with a view to achieving economic and social objectives.

20. The importance of industrialization in furthering national development objectives of developing countries has been recognized by the international community. The Lima Declaration and Plan of Action, in addition to setting out the main principles of international co-operation in the field of industrialization within the framework of the New International Economic Order, has also underlined in particular that rapid industrialization of developing countries constitutes an indispensable element and a dynamic instrument of sustained self-reliant growth of their economies and social transformation. In order that the share of the developing countries in total world industrial production should reach at least 25% by the end of the century and thus the current imbalance between developed and developing countries be reduced, it is indispensable for the Third General Conference of UNIDO to elaborate concrete measures for the accelerated and effective implementation of the Lima Plan of Action within a specified time-frame. The implications of the Lima target should be fully reflected in the goals and objectives and the policy measures of the IDS for the 1980.

/B. INTERNATIONAL

B. INTERNATIONAL CO-OPERATION AND INDUSTRIALIZATION

Industrial redeployment

21. Redeployment should help to effect an equitable international division of labour at a rate and in a manner consistent with the social and economic aims of all parties involved, particularly the developing countries.

22. Redeployment should be carried out in accordance with the overall national objectives, priorities and aspirations of the developing countries; unemployment in and trade restrictions introduced by the developed market-economy countries hamper the process of redeployment. The significance of the public sector can not be overlooked in the redeployment process, and the success of redeployment depends on the step-by-step introduction of bilateral co-operative measures, supplemented by multilateral action.

23. Redeployment should be seen as part of a process designed to promote the transfer of technology to the developing countries. It should not be used as a pretext for obtaining access to abundant and cheap manpower or for transferring obsolete technologies and polluting industries, or for exploiting the natural resources of the developing countries; environment protection measures must be included in redeployment plans. It should promote the industrial development of the developing countries, but not at their expense, and it must not be accompanied by protectionism.

24. The process of world industrial restructuring and redeployment thus conceived would make it possible to achieve fuller and better utilization of the notable endowment of natural resources and the ample supplies of labour in Latin America. At the same time, this process could signify an opportunity for the region to make progress in the improvement of its industrial structure through advances in the relatively less developed branches - i.e., the sectors producing mass consumer goods and intermediate and capital goods - and through the improvement of inter-industry linkages, with all the positive effects that this would have on industrial growth rates, technology and employment as principal results of the greater access of the region's manufactured goods to external markets that such restructuring would involve: an aspect of particular significance above all for the medium-sized and small countries.

/25. Thus,

25. Thus, industrial restructuring calls for a programme of concerted international measures to facilitate and rationalize this transition, and provision must also be made for negotiations in the trade field in order to ensure the access of products of industries installed in the developing countries to the markets of the industrialized countries.

26. In the light of the principal causes of protectionism, the conviction is reaffirmed that the main solution to protectionism in the medium and long terms lies in the restructuring of industry which should take place within the developed countries, taking into account the real interests of the developing countries.

27. It is necessary to create appropriate monitoring machinery in order to follow closely the evolution of the world's production and trading arrangements and to facilitate the shift of production factors from the sectors which need to be restructured in the developed countries, with the aim of achieving the most effective inter-industry and intra-industry international specialization.

28. Technical assistance associated with redeployment should help to resolve the difficulties experienced by the developing countries in providing training, so as to make proper use of the industries and make the recipient a competent partner. Training should be provided by the sources of the industries redeployed, which should maintain at least the same conditions of profitability and quality as in their countries of origin. The developing countries lack the expertise needed to purchase equipment properly. Expertise should also, therefore, be regarded as an essential part of redeployment, which should itself be closely linked to the industrial and economic development priorities of individual countries.

29. In the course of its activities in the field of redeployment, UNIDO could provide more advice on the conclusion and technical conditions of contracts. The countries involved would not then need to discuss or negotiate those terms, although some might require improved interpretation. There is also room for redeployment between developing countries, for which UNIDO should make appropriate studies. It is stressed that in continuing its research on redeployment, the UNIDO Secretariat should bear in mind that the process should help the developing countries to achieve economic

/independence; should

independence; should not lead to the rapid depletion of natural resources; and should be accompanied by environmental protection measures. Neither should it become a channel for obsolete equipment and technology. Some measures should also be taken to restrict the negative consequences of the activities of transnational corporations.

System of consultations

30. The Latin American countries feel that the system of consultations in the industrial sector laid down in the Lima Declaration and Plan of Action on Industrial Development and Co-operation adopted by the Second General Conference of UNIDO constitutes a suitable mechanism for promoting industrial redeployment in the direction in question and helping to increase the participation of the developing countries in world industrial production.

31. Consequently, the countries of the region express their support for an extended use of the UNIDO system of consultations so as to provide an international exchange of views and recommendations favouring the gradual restructuring of world industrial production. Such extended use would cover:

(a) placing the system of consultation on a permanent footing and providing it with the necessary resources for it to function effectively;

(b) widening its scope to cover all important industrial sectors;

(c) providing effective regional implementation measures to follow through on its recommendations.

32. They also state that UNIDO should give new impetus to the efforts to conclude the rules of the system of consultations in order that the latter may produce practical and effective results.

33. They also reaffirm that, in conformity with the Lima Declaration and Plan of Action and General Assembly resolution 3362 (S-VII), it is necessary that the consultations should take place at the world, regional, interregional and sectoral levels.

/Foreign investment

Foreign investment

34. Foreign investment should be compatible with national legislation and with the development priorities of the countries of Latin America including the aim of permitting greater local participation in management, administration employment and in-service training of local staff, as well as greater local participation in ownership of the enterprises concerned.

35. The Latin American countries have agreed, in various fora, to support the following principles, for which support is also expressed now: the need for transnational enterprises to be subject to the laws, regulations and exclusive jurisdiction of the host country; their abstention from any kind of interference in the internal and external affairs of the host country and their respect for national sovereignty over natural and economic resources; their submission to national policies, objectives and priorities and their agreement to provide information on their activities; their agreement to make a net contribution of financial resources, and to contribute to the development of domestic scientific and technological capacity, abstaining from any restrictive practices.

36. It is necessary to insist on the need for giving a strong impulse to activities aimed at completing the formulation of an international code of conduct to govern the activities of transnational enterprises.

37. Emphasis is also placed on the importance of preparing collective action guidelines and exchanging information on the modus operandi of foreign corporations and between the governments of the region and transnational enterprises and on the need to assign high priority to the fuller use of the negotiating potential of the Latin American countries.

Financing

38. In view of the huge financial requirements connected with the fulfilment of the Lima objectives and the relatively unfavourable conditions governing the inflow of external funds into industry, the countries of the region confirm the need for the developed countries to undertake to work out a broad system of financial co-operation with should fulfil, inter alia, the following objectives:

/(a) it

(a) it should ensure a greater transfer of resources in real terms in order to enable the developing countries to attain the development objectives which they have set themselves;

(b) the form and composition of these flows of capital should be compatible with the development plans of those countries and fully in keeping with their development priorities;

(c) this transfer of resources should take place on conditions consistent with the debt servicing capacity of the developing debtor countries.

39. The fundamental challenge, therefore, for international policy on finance lies in two areas:

(a) identification of means to increase the volume and improve the terms of aggregate North/South, East/South and South/South financial flows required to meet overall development goals; and

(b) identification of financial mechanisms to support changes in North/South patterns of investment, technology and trade.

40. The Latin American countries also consider it necessary to call upon the multilateral agencies once again to provide a greater volume of assistance both for the formulation and the execution of development projects. They should devote concessional funds to agro-industrial projects connected with rural development in broad depressed areas.

41. New criteria should be agreed for the allocation of official assistance resources, to replace the sole criterion of per capital income.

42. The transfer of resources should be depoliticized and realized in an increasingly secure, continuous and automatic manner and be distributed in a rational and fair way among the developing countries. The quality of Official Development Aid (ODA) should be improved in accordance with the forms agreed upon in the "Arusha programme for collective self-reliance and framework for negotiations".

Technology

43. Since substantial technological progress has been achieved in Latin America, the countries of the region should adopt measures actively to encourage the mutual transfer and dissemination of technologies in areas which can stimulate balanced economic and social development.

/44. Support

44. Support should be given to the recommendations agreed upon in recent international fora, especially the following:

(a) the need to support the ongoing negotiations for the adoption as soon as possible of an international code of conduct on the transfer of technology;

(b) the need that the revision of the Paris Agreement on the Protection of Industrial Property which is being carried out by the World Intellectual Property Organization (WIPO) should provide an opportunity for the adoption of suitable measures aimed at preventing the abusive practices observed in this field;

(c) the establishment of national centres for the development and transfer of technology which can be linked with institutions or centres of a regional nature, such as the Latin American Technological Information Network (RITLA); the strengthening of the countries' own capacity for the creation and adaptation of technology, and the establishment and improvement of public sector machinery to assist in the search for and dissemination of appropriate technology in the world market of suitable technology for development;

(d) the formulation of preferential agreements on the development and transfer of technology between Latin America and other developing regions; the establishment or strengthening of subregional and regional centres in Latin America for the development and transfer of technology which can serve as links with the national centres of the other developing countries; and the establishment or strengthening of subregional, regional or interregional centres in Latin America for the development and transfer of technology in specific and critical sectors.

45. The countries of the region confirm their interest in the adoption of international machinery for financing the scientific and technological development of the developing countries.

46. The Latin American countries support the operation of the Industrial and Technological Data Bank set up by UNIDO, and the inclusion of the sectors and topics covered by UNIDO system of consultations in the activities of this bank, and recognize its highly important role in narrowing the gap separating the developed and the developing countries in this field.

/47. They

47. They also express their concern over the negative aspects of the reverse transfer of technology and the exodus of skilled personnel from developing to developed countries, and they consider it necessary to adopt urgent measures to eliminate and reverse this process, to which in the developed countries, and, where appropriate, the international organizations should provide their co-operation.

Natural resources

48. The countries of the region reaffirm once again the need to ensure the full exercise of sovereingty and control over natural resources and their full utilization either at the national level or within the framework of economic co-operation systems.

49. They also express their support for the principle that industrialization efforts should be accompanied wherever possible by an increase in the degree of local processing of mineral, forest or agricultural production in order, among other benefits, to promote to the maximum the range of industries which can be built up on the basis of the natural resources available to a country.

50. They also express their support for the principle that these industrial activities should be carried out through national or multinational enterprises - in the latter case in association with producers in other developing countries - for which purpose it is necessary to formulate policies aimed at giving the developing countries, individually or collectively, unpackaged access to the services previously supplied by transnational enterprises in such aspects as exploration activities, the supply of equipment, marketing, and technical and financial assistance.

51. Emphasis is also placed in a broader sense on the extensive field open to regional and interregional co-operation ranging from the exchange of information and experience to the already mentioned possibility of the formation of producers' associations, multinational enterprises or any other type of association for particular purposes in the field of industry and marketing such as the exchange of technology or its joint acquisition.

/Exports of

Exports of manufactures

52. The developing countries have viewed with serious concern the fact that the developed countries devote most of their efforts to the problems of their mutual trade, whilst the interests of the developing countries, including the less developed countries, do not receive the necessary attention in keeping with the commitments made in the Tokyo Declaration. They also state that the draft codes generated within the framework of the Multilateral Trade Negotiations, which were intended to constitute the new rules governing international trade, fundamentally respond to the interests of the developed countries and do not take due account of the interests of the developing countries, including the less developed countries, as well as tending to institutionalize the protectionist policy currently applied by the developed countries. Finally, they express their disenchantment with the negotiating machinery and their concern on this head, and declare that owing to the lack of clarity in the negotiating process the Multilateral Trade Negotiations jeopardize their multilateral nature and barely allow for the participation of the developing countries. In addition, the developing countries are asked to make concessions which are not in keeping with their needs in terms of trade, development and financing. This implies the need for a thorough review of the negotiating process in the future.

53. It is considered that one of the main medium- and long-term solutions vis-à-vis the protectionist policies lies in the industrial redeployment which should take place within the developed countries, with the full participation of the developing countries. This redeployment would be based primarily, among other elements, on intra-industry specialization.

54. As regards the Generalized System of Preferences, they once again manifest their concern regarding the system of preferences put into practice by the United States, on account of its exclusion of Cuba, Ecuador and Venezuela, and in general the necessity that its coverage should be expanded and restrictions such as those related to the rules of origin and competitive need formula should be eliminated from it.

55. The European Economic Community's GSP scheme offers better conditions of access to the developing countries for a large number of products;

/nevertheless, the

nevertheless, the treatment of the "sensitive" and "semi-sensitive" products affects precisely those manufactures which Latin America is endeavouring to export, and therefore the European Community should improve the system.

56. They also stress their interest in diversifying their exports to the countries of the Council of Mutual Economic Assistance (CMEA) which are at present concentrated on traditional products with an insufficient degree of processing.

57. The trade in manufactures among developing countries constitutes the other main means of achieving, among other objectives, the aims of the Lima Declaration. In this connexion, the countries of the region consider that the reorientation of trade in such a way as to promote these kinds of exports depends to a large extent on the already mentioned establishment of multinational enterprises, on support from public sector bodies such as data banks and similar entities and in particular on the efforts made to revitalize and expand the existing integration schemes, to create new ones and to make possible suitable relations or convergence between those existing in the developing world; this could also be accompanied by the establishment of trade preferences among the developing countries by expanding existing machinery for this purpose.

58. In order to secure greater access to the markets of the developed countries it is necessary to draw up and apply in the relevant fora and incorporate in the legislation of the developed countries new rules on subsidies and countervailing duties to enable the developing countries to carry out vigorous export promotion policies.

59. They further recommend the denunciation, in all appropriate fora, of the flagrant contradictions between the recommendations addressed by the industrialized countries to the developing countries to the effect that they should open up their economies to international markets and become more closely integrated in the world economy, while the former raise protectionist barriers against access to their own markets for the goods produced by the latter, thus creating a source of undeniable frustration for the countries of Latin America and other countries in a similar position.

/Training of

Training of human resources

60. The countries of the region assign high priority to action aimed at improving the training and levels of skills of the labour force in order to take due account of the responsibilities assigned to the inudstrialization process, and at the same time they highlight the essential role to be played by co-operation in this field.

61. In the regional and interregional field, the diversity of levels and paths of industrialization of the countries of the region favours their possibilities of co-operating to increase and improve the qualifications and skills of the labour force. National industrial training institutions should therefore intensify the mutual exchange of experience and examine the possibilities of organizing joint activities and extending their scope if necessary to include the non-factory sector.

62. They also recommend that when considered appropriate support should be given to training efforts carried out on the basis of the experience accumulated in manufacturing units of various branches of industry in the countries of the region in order to give these efforts a more systematic nature and greater continuity.

63. They also consider that co-operation with the developed countries offers extensive possibilities as regards industrial training examples of areas where such assistance could be given include technical and financial assistance - of a selective and complementary nature - for strengthening industrial training organizations and the financing of fellowship programmes and expenditure on the purchase of machinery and equipment.

Regional and interregional co-operation

64. The different forms of regional co-operation are considered by the countries of Latin America to be an extremely important instrument for promoting the region's development. The various integration schemes which have existed in the region for a number of years are proof of this assertion even bearing in mind the problems experienced by some of them.

65. The countries of the region therefore reiterate that it is necessary to find as soon as possible practical formulas and mechanisms for further

/increasing regional

increasing regional co-operation in the manufacturing field and in particular imparting renewed dynamism to the present integration schemes and facilitating their convergence and interconnexion.

66. They also emphasize the need to continue and intensify the growing process of linking together the economies of the region generally on a bilateral basis and through partial action of a specific nature between countries especially in the industrial field since this is a valuable supplement to the co-operation efforts being made in the framework of the formal co-operation schemes.

67. Interregional co-operation should be encouraged to stimulate basic industries, agro-industry and above all small- and medium-sized enterprises, and also, where appropriate labour-intensive industries, including the restructuring of the weakest sectors.

68. The establishment and expansion of multinational industries and the many possibilities of industrial complementation in general constitute suitable ways of realizing regional co-operation to which can be added the establishment of common positions by the region for negotiations in international fora or for taking advantage of the bargaining power of Latin America.

69. The countries of the region, which have laid emphasis in many international fora on the importance which they attach to international co-operation, express once again their conviction that the efforts made so far in this direction must be sustained and increased.

70. They also express their support for the action taken by CEPAL with a view to establishing greater co-operation between Latin America and Africa, and they point out that the committees of SELA can facilitate the implementation of projects through the formation of interregional action committees in which the countries of Latin America, Africa and Asia which are interested in the development of a particular project can participate.

71. As regards technical co-operation they reiterate the need to promote the establishment of national research and training centres of multinational scope in the developing countries and to strengthen the centres of this type which already exist as already recommended in the Plan of Action adopted at the United Nations Conference on Technical Co-operation among

/Developing Countries.

Developing Countries. They also reiterate the importance which should be attached to the contribution of the developed countries and of international organizations to increase the national and collective capacity of the developing countries to help themselves and help each other, with the object of putting into practice, among other things, the provisions on industrial matters.

72. With the aim of facilitating agreements and the adoption of joint positions by the region concerning the subjects and actions referred to by the above Plan of Action it is recommended that the appropriate co-operation among regional bodies, especially SELA and CEPAL, in collaboration with UNIDO, should be strengthened.

The less developed, land-locked and island countries

73. The countries of the region consider that many less economically developed countries are not and never have been in a position to take full advantage of the results of the measures and general policies in favour of co-operation worked out at the international level with the aim of satisfying the aspirations of the developing countries as a whole. It is necessary to introduce fundamental changes in international relations so that both the existing co-operation measures and those which may be conceived in the future together with the efforts of these countries themselves will prevent a continuing deterioration in their relative situation as the differences between them and the industrialized countries and the more advanced developing countries grow larger.

74. In the same line of ideas the Latin American countries also express their conviction that the action contemplated in the strategy which is to be defined for the next decade must make an important contribution to the solution of the serious transport problems affecting the land-locked countries, and certain regions in their access to the coast.

75. Horizontal co-operation among the less developed countries should be encouraged, so that they may implement their industrial development projects to a reasonable extent. It should be channelled in particular towards technical assistance which should include raising the skill levels of the labour force, by fostering training programmes in the professional, technical and managerial fields.

/Institutional aspects

Institutional aspects

76. The countries of the region reiterate the support which they have already expressed in the past for the strengthening of the regional integration mechanisms or groupings which are functioning in Latin America so as to give them renewed dynamism and facilitate their interconnexion and convergence. They also support the establishment of Latin American multinational enterprises.

77. At the international level, they express their conviction that the large number and extensive scope of the tasks needed to fulfil the objectives assigned to UNIDO call for the functioning of effective machinery with sufficient resources to tackle such tasks successfully.

78. In order to achieve this purpose it is very important that the agreement reached at the recent Conference of Plenipotentiaries should be ratified promptly so that UNIDO may be transformed into a specialized agency of the United Nations as soon as possible.

/RESOLUTION 2.

RESOLUTION 2. VENUE OF THE MEETING OF THE GROUP OF 77 IN PREPARATION FOR THE THIRD GENERAL CONFERENCE OF UNIDO

The Second Latin American Conference on Industrialization,

Bearing in mind the importance of the Third General Conference of UNIDO, which will devote special attention to the review and appraisal of the world industrial situation, with special reference to the industrialization of the developing countries,

Also bearing in mind the decision of the Group of 77 to hold a ministerial-level meeting with a view to preparing a common position for the Third General Conference of UNIDO,

Mindful that the meeting of the Group prior to the Second General Conference in Lima was held in Africa, and that the next ministerial meeting should be held in Latin America, in accordance with the established principle of geographical rotation,

Recommends:

1. that the ministerial meeting of the Group of 77 should be held in Latin America at the end of November 1979, following the regional preapratory meetings for the Third General Conference of UNIDO; and

2. that its venue should be decided by the Executive Director of UNIDO in consultation with the governments of the region.

/Annex 1

Annex 1

LIST OF DOCUMENTS

Provisional agenda (ST/CEPAL/Conf.69/L.1)

Analysis and prospects of Latin American Industrial Development (ST/CEPAL/Conf.69/L.2)

International co-operation for industrial development in Latin America (ST/CEPAL/Conf.69/L.3)

Industry 2000: new perspectives (ID/CONF.4/3/Part 1)*

* This document was prepared by the secretariat of the United Nations Industrial Development Organization as a preliminary version of ID/CONF.4/3, which is to be presented at the Third General Conference of UNIDO (New Delhi, India, 21 January - 8 February 1980). It was distributed to participants at the start of the meeting.

/Annex 2

Annex 2

LIST OF PARTICIPANTS

A. States Members of the Commission

ARGENTINA

Head of delegation: Raúl Medina Muñoz, Ambassador in Colombia

Members: Ernesto Manuel Paz, Oscar Roberto Bossi

BOLIVIA

Head of delegation: Reinaldo del Carpio Jáuregui, Chargé d'Affaires in Colombia

BRAZIL

Head of delegation: Carlos Henrique Paulino Prates, Councillor of the Embassy in Colombia

Members: Georges Lamaziere, Aragualy Affonso Rego

CANADA

Head of delegation: Arthur Blanchette, Ambassador to the OAS

COLOMBIA

Head of delegation: Camilo Jiménez Villalba, Under-Secretary of Economic Affairs, Ministry of Foreign Affairs

Members: Emir J. González A., Edgar Vergara Figueredo, Luz Elena Abello, Manuel Muñoz López, Timoleón López García, Gonzalo Giraldo Echeverri, Rafael Gómez Rondón, Fernando Alvarez Villa, Gabriel Misas, Juan Acuña Bolívar

COSTA RICA

Head of delegation: Miguel Angel Porras Jiménez, Deputy Minister of Finance

Member: Eulogio Domínguez

CUBA

Head of delegation:

Member: Ramiro León Torras

/CHILE

CHILE

Head of delegation: Ernesto Rendel Augant, Economic Councillor of the Embassy in Colombia

Member: Patricio Ortíz Rojas

ECUADOR

Head of delegation: Julio Santa Cruz, Minister for Industrial and Commercial Affairs of the Embassy in Colombia

SPAIN

Head of delegation: Emilio Martín Martín, Ambassador to Colombia

Member: Eloy E. Cercas

UNITED STATES

Head of delegation: Melvin L. Schuweiler, Co-ordinator for UNIDO affairs in AID

FRANCE

Head of delegation: Gilles Derazey, Commercial Attaché of the Embassy in Colombia

GUATEMALA

Head of delegation: Lisandro Raúl Villatoro Recinos, Under-Secretary General for Economic Planning

Member: Carlos Francisco Segura Trujillo

HAITI

Head of delegation: Guy Bauduy, Secretary of State for Trade and Industry

Members: Pierre Richard Gabriel, Julie J. Carre

HONDURAS

Head of delegation: Enrique Paredes, Deputy Minister of the Economy for Industrial Affairs

Members: Allan Osvaldo Paredes S., Orlando Funes Cruz

/MEXICO

MEXICO

Head of delegation: Ernesto Marcos, Director General of Industry

Members: Javier Matus Pacheco, Luis Alberto Pérez Aceves

PANAMA

Head of delegation: César Augusto Rodríguez M., Ambassador to Colombia

Member: Beatriz R. de Quijano

PARAGUAY

Head of delegation: Igor Fleischer, Under-Secretary of State for Industry

PERU

Head of delegation: Rafael Pinto Teixeira, Secretary of State for Industry

Members: Adalberto Vargas Escate, Carlos Berninzon

UNITED KINGDOM

Head of delegation: Richard White, First Secretary of the Embassy in Colombia

SURINAME

Head of delegation: Mc Leod Donald Aloysins, Ambassador to Venezuela

Member: K. Nandoe

URUGUAY

Head of delegation: Darío Luis Rizzo Bellino, Deputy Director of Industry

Member: Carlos A. Mora

VENEZUELA

Head of delegation: Rafael Naranjo, Director of Industry, Ministry of Development

Members: Eglée de Blanco, Alberto Domínguez, Gustavo Pérez Ortega

/B. United

B. United Nations Secretariat

United Nations Conference on Trade and Development (UNCTAD)

Harry Stordel
Carlos Matute-Irias

United Nations Industrial Development Organization (UNIDO)

Aroon K. Basak
Wilfredo Pflücker
Víctor A. Richardson
Jorge Succar

C. United Nations bodies

United Nations Development Programme (UNDP)

Enrique Ezcurra

D. Specialized Agencies

International Labour Organisation (ILO)

Lelio Mármora

United Nations Food and Agriculture Organization (FAO)

Antonio Bacigalupo

World Bank

Roberto Bentjerodt

World Intellectual Property Organization (WIPO)

Andrés Dávila

/E. Intergovernmental

E. Intergovernmental Organizations

Inter-American Development Bank (IDB)

Enrique Altamirano

Commission of the European Communities (CEC)

Hernán Van Der Loos

Central American Bank for Economic Integration (BCIE)

Alfredo Benjamín Noyola
Yolanda de Suazo Tomé

Intergovernmental Committee for European Migrators (CIME)

Próspero Morales Pradilla

Caribbean Community (CARICOM)

Cesare F. Granger

Andean Development Corporation (CAF)

César Salazar Cuervo

Board of the Cartagena Agreement (JUNAC)

José Palomino Roedel

Organization of American States (OAS)

Carlos Martínez-Vidal

Inter-American Institute of Agricultural Sciences (IICA)

Mario Kaminsky

Latin American Energy Organization (OLADE)

Joao Pimentel

Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA)

Salvador Sánchez Aguillón

/Latin American

Latin American Economic System (SELA)

Fernando Berrocal Soto

F. Non-Governmental Organizations

Latin American Association of Development Finance Institutions (ALIDE)

Alfredo Echegaray Simonet

National Industrial Association/Latin American Industrial Association (ANDI/AILA)

Carlos Wolff Isaza

Interscience Association

Alberto Ospina T.

Caribbean Association of Industry and Commerce (CAIC)

Jodha Samaroo

Institute of Latin American Studies in Stockholm

Roland Anrup

Annex 3

SUMMARY OF THE ADDRESS DELIVERED BY THE EXECUTIVE SECRETARY OF CEPAL, MR. ENRIQUE V. IGLESIAS, AT THE SECOND LATIN AMERICAN CONFERENCE ON INDUSTRIALIZATION

Cali, Colombia, 10-14 September 1979

Speaking at the opening meeting of the Latin American preparatory Conference for the Third General Conference of UNIDO, to be held in New Delhi in 1980, the Executive Secretary of CEPAL commented on the development, present situation and prospects of the Latin American manufacturing sector.

He said that the dialogue which should take place in New Delhi would be strongly influenced by the present international economic situation, recent developments in industrialization in recent years, and the outlook for industrial development in the near future, in view of the changes taking place in the international economy.

He said that the international situation would have a decisive impact on the course of Latin American industrialization. International economic relations were passing through a period of crisis in the centres, which traditional remedies appeared unable to solve, and of uncertainty at the international level. The crisis, which affected investment levels and confidence in the future and was heightened by the higher oil prices, was characterized by its refusal to yield to the traditional methods for correcting imbalances of that kind. This was perhaps due to the fact that the solutions considered appropriate in the past were not really so, or that the present economic crisis was different from earlier ones. All of this meant that the picture was profoundly disturbing, since in place of the growth of the 1950s and 1960s there was now uncertainty which appeared to go beyond the short-run.

He went on to say that the crisis had undermined the prospects of advancing towards a new international economic order and was also visible in the rising protectionism of the centres, which was having a significant effect on Latin American industrial exports. Within the region the problems

/had their

had their own particular features. There was an increasingly large number of semi-industrialized countries which shared some of the problems of the other developing countries while having their own problems and priorities. The effects of the international crisis were felt not merely in the prices of raw materials, but also the prospects of access to the markets of the industrialized countries, external financial flows and access to private capital markets, the behaviour of foreign investment, the role of the transnational corporations and the forms of the transfer of technology, all of which affected the future course of regional economic development.

The New Delhi Conference would analyse these problems as well as the role to be played by industrialization in the development of Latin America and the slow progress made in establishing a new international economic order. The lessons of the past would also be reviewed. In this respect he said that the practical experience of recent years was an invaluable asset. He recalled that since its inception CEPAL had upheld a set of ideas, which included industrialization, that had been widely accepted in the countries of the region and had influenced their development processes; however, there was often an interaction between ideas and reality, and in recent years reality appeared to have outstripped ideas. It was therefore necessary to rethink the development process of Latin America, and particularly its industrialization.

With regard to Latin American industrial development, he said that various stages could be distinguished in the process. At first, the international situation had been difficult due to the disarticulation of world trade, shrinking markets for raw materials from developing countries and the lack of political will in the field of international co-operation. Consequently, the countries of the region had become inward-looking and had begun import substitution programmes which had supported the industrial sector and had subsequently become a deliberate objective of economic policy. The process had given rise to much criticism, but it had had the virtue of establishing an industrial base in Latin America, as well as a generation of entrepreneurs with experience in the management of industrial activities. Following this first stage, regional economic integration had become an

/objective in

objective in order to prevent industrial development from becoming confined in watertight compartments. In the mid-1960s, with the changes in the international economy, Latin America had stepped up its efforts to expand and diversify its external links. This third stage of Latin American industrial development was characterized by greater openness to the exterior. All the countries had learnt to manage external policies more efficiently; levels of protection had been reduced, and greater emphasis placed on the expansion and diversification of manufacturing exports.

These efforts had led to progress manifested in the rising annual industrial growth rate. There had also been a considerable rise in the importance of intermediate industries, particularly in the field of metal products and engineering. Exports of manufactures had risen. and both exports and markets considerably diversified.

However, progress had not been uniform in all countries of the region or in all manufacturing branches within each country. The structural imbalance of regional industry was linked with the state of heavy external dependence of the region in technology, which represented a serious limitation in the way of further progress in industrialization and of a growing and significant share in the more dynamic flows of world manufacturing trade.

The region's industrialization progress had shown a capacity to increase material output at a rapid rate, but it also reflected an inability to distribute the benefits fairly, since large sectors of the population had been excluded from them.

He said that this raised the question of the outlook for Latin American industrial development. In his opinion, the region's new industrial profile should not be the same in every country, since this would depend to a large extent on each country's degree of development, size, domestic market, natural resources, and ability to handle policies and to promote effective forms of regional co-operation.

He expressed the belief that the development process should continue to be based on certain guiding ideas stemming from the region's development in recent decades. These included the need, pointed out by CEPAL many

/years ago,

years ago, to base industrial development on a rational combination of the domestic market, the regional market and international markets, the importance of each varying according to the needs of the development stage of each country at a given point. These three dimensions could be combined advantageously.

He said that Latin American industry could reach higher levels of efficiency by making use of the domestic market, developing those industrial branches in which most countries of the region were more backward. Account should also be taken of the fact that the growth rate of the population, together with the economic growth rate, meant that by the end of the century domestic markets would be very large. Furthermore, to the extent that poverty could be eliminated and the currently marginal sectors could be incorporated into the market, the stimulus given by the market to industrialization would be increasingly large.

He reiterated this confidence in the future of regional integration and co-operation in Latin America, which represented a very important potential. He added that all the above should not run counter to the countries' openness to the exterior, and that the possibility of exporting to the rest of the world was increasingly important in an interdependent world. The strengthening of domestic and regional markets would underpin efficient, competitive industry.

He said that it was well-known that the developed countries were facing serious problems and that their attitudes stemmed not exclusively from a misunderstanding of the situation or the use of mistaken policies, but rather from powerful facts of life. Unemployment and inflation continued to plague the industrialized economies, creating pressures groups which lobbied for renewed protectionism. It would be regrettable if precisely when Latin America had developed a greater ability to forge external links, the world markets should be closed to its exports. In addition, the protectionist trends were growing stronger. There were three answers to this situation: first, the use of collective bargaining power by governments and by the Latin American private sector; secondly, to base negotiations on concrete interests and realities, and identify mutual interests with the

/developed countries;

developed countries; and finally, not only to negotiate with the governments of the developed countries, but also to work on public opinion in them, particularly the sectors whose interests were in line with those of the developing countries, and create awareness of the dangers inherent in following the current protectionist trend.

With regard to domestic policy, it should be borne in mind that the Latin American countries would have to continue depending on supplies from abroad even though inflation was continuing to raise the prices of imports. They would also have to continue efforts to gain access for their manufactures to world markets, despite the increasing competition of other suppliers and the renewed protectionist tendencies. These measures to open up to the exterior would represent a major challenge for the countries of the region and for their private sectors, but they should be implemented in such a way as to safeguard the progress laid in industrialization.

He went on to refer to the social problems of Latin America, which had to be taken into account in an analysis of the region's industrial development. The purchasing power of large sectors of the population should be increased, and industry should ready itself to produce mass consumption goods. In addition, thought should be given to the industrialization of agriculture and, in general, to the production of the food and goods needed by the population.

Finally, he referred to the role played by the State, the private sector and the transnational corporations in the economic process. The State had an unavoidable role that should be strengthened by national and regional private enterprise, which should also shoulder its social responsibilities, while the transnational corporations could play an important role so long as they complied with national policies and served the interests of their host countries. In his opinion, the only viable possibility for the progress of the Latin American countries which had chosen the mixed path to development was the co-ordination of these three agents.

He concluded by stressing that he was optimistic about the future, since he believed that in Latin America there were all the elements needed to maintain the dynamism of the development process. He appealed for dialogue, since this was the best means of finding the right path to achieve that end.

/SUMMARY OF

SUMMARY OF THE ADDRESS DELIVERED BY THE EXECUTIVE DIRECTOR OF THE UNITED NATIONS DEVELOPMENT ORGANIZATION (UNIDO), MR. ABD-EL RAHMAN KHANE

After thanking the host country for its hospitality, Mr. Abd-El Rahman Khane, Executive Director of the United Nations Industrial Development Organization (UNIDO), stressed the importance of the Second Latin American Conference on Industrialization as the first preparatory stage for the Meeting of the Group of 77 to be held in December 1979, and for the Third General Conference of UNIDO in New Delhi in January and February 1980.

He said that Latin America was the most advanced of the developing regions from the standpoint of industrialization, and had accumulated valuable experience stemming from the implementation of various industrialization strategies, and particularly an import substitution policy, whose possibilities and limitations were well known. He stressed the awareness existing in Latin America with regard to technology as a key factor in industrialization, and also in external dependence; new policies had been defined for the transfer and generation of technology, and new rules of the game had been introduced in that field. Subregional economic groupings had been set up, thus broadening the space necessary for industrialization, and a bold start had been made on subregional industrial programming; and a Latin American economic system had been established. Finally, the larger countries of the region had embarked on the production of capital goods.

He said that the Conference should not merely appraise what had been done in the past but also attempt to map out paths for industrialization in the future, taking into account the new dimensions offered by co-operation among developing countries and the new characteristics of the world economy.

He said that it was now necessary to go beyond the objectives established in Lima in 1975 for a 25% share for the developing countries in world industrial production in the year 2000. This target had to be made more precise for different regions and sectors, intermediate objectives

/had to

had to be established and the broad lines laid down for industrialization strategy in the developing countries and its relationship with international co-operation.

UNIDO had prepared its Third General Conference with a view to achieving a new international consensus to make the Lima Agreement more concrete, and it had done so in the spirit of the times; in other words, in a spirit aspiring towards the establishment of a new international economic order and the correction of present world imbalances.

He expressed the hope that this spirit, to which eminent Latin American statesmen had made a noteworthy contribution, would inspire the discussions at New Delhi. In this connexion he stressed the importance not only of the industrialized countries' willingness to co-operate but also of the formation of a united front of the developing countries.

It was hoped that the Conference would define a regional platform which would in turn pave the way for a common line of action for the Group of 77 and ultimately a new international consensus.

He stressed that the Conference was being held at a time when the region was engaged in reflection about development models, questioning the very ends of industrial growth and its contribution to social development and reducing external dependence. He added that CEPAL had played a decisive role in this reflection: its eighteenth session (La Paz, Bolivia, April 1979) was a milestone in the political and economic thought of the region.

This new approach constituted the framework for the preliminary reflections contained in the joint "position document" of UNIDO and CEPAL, in which new development strategies were considered. He also stressed that CEPAL and UNIDO shared a common position.

He went on to refer to the comments and concrete proposals of UNIDO on these topics, which were contained in the document "Industrialization in the year 2000: new perspectives".

Referring to the work of his Organization, he stressed that through the system of international consultations established by UNIDO in 1977 the developing countries possessed a means of expressing their problems concretely and effectively, and of clarifying their own objectives and

/possibilities, while

possibilities, while at the same time specifying the fields of application and the new conditions of future international co-operation in those fields, in such important sectors as iron and steel, capital goods, petrochemicals, agricultural machinery, food industries, etc.

He also stressed that the new constitution making UNIDO a specialized agency of the United Nations system, recently adopted in Vienna, had been an aspiration of the developing countries for many years, and it was therefore hoped that those countries would ratify the constitution as rapidly as possible.

He concluded by expressing his belief that the Cali meeting would make a decisive contribution to the discussions to take place in New Delhi, which would certainly be of particular importance for the development of the Third World and would contribute to a better understanding of the new dimensions of interdependence among the nations of the world, all of which was an essential condition for the establishment of a new international economic order.

/SUMMARY OF

SUMMARY OF THE SPEECH DELIVERED BY THE MINISTER OF ECONOMIC DEVELOPMENT OF COLOMBIA, MR. GILBERTO ECHEVERRI MEJIA, AT THE CLOSING MEETING OF THE SECOND LATIN AMERICAN CONFERENCE ON INDUSTRIALIZATION

When closing the Second Latin American Conference on Industrialization the Colombian Minister of Economic Development, Mr. Gilberto Echeverri Mejía, stressed the success of the Conference's work.

He went on to say that although Latin America was in the forefront of industrial development within the group of developing countries, there was still a long way to go in terms of the articulation of industrial development in order to reach suitable levels of self-reliance and some degree of regional uniformity.

He referred to some of the main factors which enabled industry to originate and develop in the region, and gain an increasing share of the region's export trade.

In this connexion, he mentioned the import substitution model, as well as its results, and the present types of criticism of it, ranging from the belief in the need to redefine its basic parameters in order to achieve a higher level of substitution in the production of intermediate and capital goods, to the belief in abandoning the model and adopting an unrestricted openness to imports.

He said that he was convinced that, although it could not be denied that excessive protectionism had led to structural inefficiency in some industrial sectors, it was nevertheless essential to maintain production in strategic sectors, which would otherwise tend to vanish in the face of growing international competition.

In addition, he stressed that the developed countries' need to export their products at the world level on a large scale, even using unfair practices such as dumping, together with their increasing protectionism for their domestic markets, should lead the countries of the region to act with great caution.

He added that the temporary boom in some commodity markets should not lead the countries of the region to return to the stage of mono-production

/of such

of such commodities, a stage many of them had already left behind; however, it was important not to overlook the significance of improving production methods in agriculture and mining: the proper development of industrialization unquestionably involved the harmonious development of production of raw materials and intermediate goods.

In sum, then, the relative satisfactoriness of the substitution model should be recognized, since it had led to a growth of real income in the region and, ultimately, a higher inflow of the foreign exchange needed by the countries: this had happened despite the fact that it had not been possible to generate self-reliant growth of the industrial sector, which could only arise with a more independent control over technology, particularly as concerned the production of capital goods. It was also necessary to take account of the increasing importance of transnational corporations, whose activities could fortunately now be controlled to a greater extent, to the benefit of the region's economies.

Referring to the responsibility of every country of the region in the development of its industrial base, on which the welfare of its population largely depended, he emphasized the need for international co-operation on three levels.

In the first place, he referred to the action which the developed countries should take to allow greater access for the exports of manufactures of the developing countries, design medium- and long-term programmes for industrial redeployment at the world level, and put into practice the agreements they had made in different international fora with regard to special treatment for the developing countries.

Secondly, he mentioned the interaction between the developing and the developed countries, particularly in the field of the transfer of technology and the activities of transnational corporations. With regard to the former, he stressed the need to ensure that this transfer should involve a suitable apprenticeship process on the part of the recipient countries as concerned the industrial methods and processes, and that the technology transferred should not be accompanied by harmful consequences for the recipient country from the standpoint of employment, natural resources and the environment.

/In this

In this connexion, he suggested that the developed countries could give an initial sign of their political will by adopting the two multilateral codes being negotiated in the United Nations: the international code of conduct for the transfer of technology, and the code of conduct for transnational corporations.

He then referred to the third level of international co-operation, namely, co-operation between developing countries at the subregional, regional and interregional levels. He paid special attention to the Andean Group, which had largely managed to fulfil its objectives. Valuable lessons could be drawn from the experience of the integration processes in the region, and these efforts at integration, together with the work of SELA, would make it possible to broaden and consolidate a market enabling the countries of the region to enjoy genuine industrial growth and obtain greater international bargaining power.

In this connexion, he stressed the need to pursue the programme of collective self-reliance recently agreed upon at the Fourth Meeting of the Group of 77 in Arusha, Tanzania, and other forms of horizontal co-operation such as the planned negotiations among developing countries within GATT.

He stated that the above remarks should be considered in the context of each country's national political framework, in view of the relationship between those determinants and the results of the industrialization process.

He went on to mention the restrictions affecting the region from the standpoint of world competition, which stemmed from its backwardness in terms of labour training, technology, lack of homogeneity in sources of raw materials and energy, geographical location and shortcomings in the transportation and communication structures.

All these factors indicated the need for regional integration groups and even the formation of cartels for the supply of raw materials, in order to achieve fair and equitable trade with the developed countries.

He concluded by stressing that the conclusions and proposals of the Conference would open new paths for industrial development in the region, and, above all, enable it once again to take a united position in world affairs.

/Annex 4

Annex 4

TEXT OF THE VOTE OF THANKS TO THE MAYOR OF CALI,
DOCTOR RODRIGO ESCOBAR NAVIA

The Second Latin American Conference on Industrialization,

Mindful of the unstinting enthusiasm of His Honour the Mayor of the City of Santiago de Cali, Doctor Rodrigo Escobar Navia,

Convinced that the success of the Conference is directly related to the splendid support which he has furnished at all times,

Expresses its profound thanks to that outstanding member of the community, who is associated in innumerable ways with the unflagging efforts of Colombian industry, for his part in the proceedings,

Further expresses its sincere appreciation for his wholehearted activity in connexion with the holding of the Conference which closes today, and extends its thanks through his good offices to all the authorities who in one way or another have contributed to the success of the Conference.